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Private & Confidential

Gray Digital Capital Management, Inc.
167 Madison Avenue
New York NY 10016
United States of America

MOORE BLOCKCHAIN AND DIGITAL ASSETS JHB (PTY) LTD.
50 Oxford Road Parktown Johannesburg
2193

PO Box 3094, Houghton, 2041

T +27 (0)10 599 0222
F +27 (0)83 376 4846
E der@moorejhb.co.za

Dear Gray Digital Capital Management, Inc.,

AGREED-UPON PROCEDURES REPORT WITH REGARDS TO THE ATTESTATION PROCEDURES FOR THE TOTAL BALANCE OF THE ASSETS UNDER MANAGEMENT OF GRAY DIGITAL CAPITAL MANAGEMENT, INC. (SPECIFICALLY THE GRAY FUND), IN ACCORDANCE WITH ISRS 4400.

Purpose of this Agreed-Upon Procedures Report

Moore Blockchain and Digital Assets JHB (Pty) Ltd ("**Moore**") (together "**we**" or "**engagement team**") has been engaged by Gray Digital Capital Management, Inc, Gray Digital Capital Management USA, LLC and Gray Digital Technologies, LLC ("**Gray Digital**"), collectively, (the "**Company**", the "**Client**", or "**you**") which manages the Gray Fund (the "**Fund**"). We were engaged with the Client to provide an Asset Balance Attestation, under an Agreed-Upon Procedures Report, for the total Assets under Management of the Fund. As agreed by Management, these procedures relate solely to the Fund and no other products or portfolios held under the Company. (hereafter the "**Engagement**")

The intended purpose of the Engagement is to attest to the balances, as disclosed on the Fund's Balance Sheet provided by Management. Additionally, the intended purpose is to demonstrate that the Client possesses ownership of the assets in the fund as referred to above.

Our report is solely to assist the Client and the Investors (or "**Users**") of the Fund in performing the Engagement. The scope of this report is exclusively focused on assets held by third-party custodians, with no procedures performed for liabilities as agreed upon by Management. Accordingly, our report will be addressed to the Client, and is for use of the Users, and our report is not suitable for any other purpose.

Responsibilities of the Engaging Party and the Responsible Party

You have acknowledged that the agreed-upon procedures are appropriate for the purpose of the Engagement.

Gray Digital, as identified by you, is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performance of the procedures, as agreed upon by you and reporting the factual findings of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures, nor the subject matter represented by Management.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

Our firm applies the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Executive Summary

This report presents the factual findings from the Engagement, as agreed with Management and outlined in the report. As agreed with Management, our procedures were exclusively outlined on the balances of Management's disclosed assets owned by the fund, as maintained by third-party custodians on behalf of the fund, excluding any assessment of liabilities. The report is specifically tailored for the Client and Users and may not be appropriate for other purposes. The procedures revealed that all asset balances held by third-party custodians were verified without discrepancies. Additionally, we conducted a comprehensive evaluation of the service providers used by the Company, as provided by Management, ensuring their adherence to expected standards and protocols.

Report Verification Notice

Until the Report for the Engagement is independently available on our website, please direct all email inquiries to der@moorejhb.co.za. No other Moore contacts or email addresses should be used for requests regarding the formal signed authentication letter.

Privacy and Terms of Use

This privacy policy relates to Moore SA and each separate member firm in South Africa.
<https://www.moore-southafrica.com/disclaimer-and-terms-of-use/privacy-policy>
<https://www.moore-southafrica.com/disclaimer-and-terms-of-use>

PROCEDURES AND FINDINGS

For the purpose of this section of the report, where reference is made to “Gray Digital” or “Moore” performing any procedure or other action or providing information or documentation, such reference is to an authorised representative of the relevant Party.

We have performed the procedures described below, which were agreed upon with you, in the terms of engagement dated 18 March 2024, as of 31 March 2024.

Procedure 1

Obtain an overview and document the results of the Company background, business model, and supported features. This is done via an inquiry of management and due diligence using publicly available information.

Findings:

Gray Digital is a financial technology firm and independent investment manager operating the Gray Fund, a diversified investment fund catering to both retail and institutional investors. The fund is professionally managed with a varied portfolio.

The company’s ethos focuses on providing diverse investment opportunities across traditional and decentralized finance, cryptocurrency, credit and debt instruments, and derivatives markets. They aim to offer straightforward investment solutions by combining advanced blockchain technology with traditional and innovative methods, ensuring transparency, security, and optimal management.

The Gray Fund adheres to traditional financial regulations and does not engage in digital asset trading. It uses stablecoins (USDC and USDT) for transactions with investors, converting them to fiat currency immediately. Post-conversion, the fund does not hold digital assets, instead securely holding all funds in corporate brokerage accounts with reputable financial institutions. This ensures compliance with traditional financial standards and regulations.

Gray Digital strategically diversifies its investment opportunities across multiple financial sectors, enhancing profit generation for members and effectively tapping into market trends. The investment positions are managed and rebalanced to adapt to changing market conditions. This adaptability, along with investments in multiple liquid markets, allows the firm to capitalize on fast-evolving trends in specific sectors.

Key investment areas include

- a. **Traditional Finance (“TradFi”) Investments:** This involves leveraging calls/puts in the established financial systems, encompassing banks, insurance companies, stock markets, and other regulated entities.
- b. **Derivatives Trading:** This area focuses on trading contracts based on speculation of future price movements of an asset, applicable in TradFi markets.
- c. **Credit and Debt Instruments:** These include various financial tools like debentures, bonds, and mortgages, which enable the transfer of debt liability and provide variable or fixed returns to lenders.

Gray Digital distinguishes itself as a unique entity in the financial technology sector through a combination of advanced investment strategies and robust security measures.

Key elements that contribute to its uniqueness include:

- a. **Professional Management and Structure:** Gray Digital operates as a professionally managed fintech company, integrating traditional financial investment strategies with the dynamic world of cryptocurrency and crypto markets.
- b. **Blockchain Technology Utilization:** The platform leverages blockchain for fast, transparent, and secure transactions, settling on a public ledger. It uses a Decentralized Application (dApp) for secure blockchain transactions, with all activities documented on a transparent and immutable public ledger.

- c. **Security Measures:** Investments in hardware and software security, such as VPNs, VPS technology, and hardware wallets with backed-up seed phrases stored securely, ensure maximum protection of assets and transactions.
- d. **Custodial Services:** Participating Member deposits are held off-chain through a regulated custodian, providing an added layer of security during the transfer of funds between accounts.
- e. **Brokerage Partnerships:** Gray Digital employs reputable brokerages for market transactions, adding an extra layer of security and credibility to its operations.

Operations:

Gray Digital leverages blockchain technology primarily for client onboarding and transaction record-keeping, while traditional financial mechanisms facilitate the actual trading and investment activities. Blockchain technology and digital assets, specifically stablecoins (USDC and USDT), serve as a medium for investor onboarding, with all investor interactions, including deposits and withdrawals, handled through decentralized finance (DeFi) methods and recorded transparently on a DeFi-based website. Investors can monitor their investments via unique wallet addresses on the Gray Fund's website.

The Gray Fund accepts deposits through credit cards, wire transfers, and primarily cryptocurrency, focusing on stablecoins. These deposits are either sent to a custodian or converted to fiat at a corporate exchange before being transferred to Gray Digital Capital Management, Inc.'s brokerage account for trading activity. The brokerage account is used for active trading and discretionary use. Withdrawals from the Gray Fund are processed in reverse, with distributions made in stablecoins.

Procedure 2

Obtain the following externally compiled (independent third-party service providers) financial confirmations and statements, from the Company's Management, containing complete and accurate information applicable to the Gray Fund for 31 March 2024:

Findings

Moore performed a detailed inspection of the independent third-party confirmations and statements for specific details to ensure the accuracy and reliability of the Gray Fund's financial data as of March 31, 2024. The inspection focused on the following areas:

Document Inspection:

- Inspecting the disclosed date and period of each document/statement to ensure they meet the requirements applicable to the engagement.
- Inspecting each document for comprehensive company data pertaining to the Company and specifically the Gray Fund, in line with the scope of the engagement as per the agreed-upon procedures.

Authenticity Verification:

- Inspecting each document, statement, and confirmation for an authentic signature or relevant evidence of third-party confirmation, to verify that the external documents contain proof of third-party compilation and disclosure.

These procedures were agreed upon with management to enhance the reliability of the financial information on which this report is compiled.

While Moore does not provide an assurance opinion on the information contained within these reports, these additional procedures were performed to increase the scope and reliability of the documentation obtained, ensuring an accurate representation of the Gray Fund's asset balances and total assets under management.

No discrepancies were noted through the performance of this procedure.

Procedure 3

Obtain, from the Company's Management, a list of all Third-Party Service Providers, and the following documents for each listed Service Provider of the Company as of 31 March 2024:

- a. Security Information Reports
- b. Service Contract Agreements

Findings

Moore obtained a comprehensive list of all third-party service providers engaged by the Company as of March 31, 2024, from the Company's management.

There are fourteen service providers that perform various essential functions for Gray Digital.

These include:

- a. A public cloud computing service that hosts the platform, offering security, flexibility, reliability, and scalability.
- b. A software security platform performs advanced code scanning and cloud vulnerability assessments.
- c. A wallet-as-a-service provider delivers secure infrastructure for moving, storing, and issuing digital assets.
- d. A web application security service connects and protects customers globally with networking, security, and developer services.
- e. Cyber insurance and wallet key recovery services create a safe ecosystem for blockchain innovation.
- f. Security compliance automation services handle the complex processes of compliance certification for standards like SOC 2, HIPAA, ISO 27001, PCI, and GDPR.
- g. Frontend hosting services provide the infrastructure needed for building, scaling, and securing web applications.
- h. Additional providers offer collaborative interface design tools, version control and collaborative software development platforms, domain registration and web hosting services, project management and collaboration tools, workspaces for notes, tasks, and databases, team communication and collaboration platforms, and platforms for creating and managing online communities.

Please note that not all of the above service providers operate with service-level agreements and are based on subscription services. Additionally, although all service providers listed above are utilised by Gray Digital – Management indicated that only **eight of the above listed**, are appropriate for the purposes of assessment for the Engagement.

As requested by Management, the names of the third-party service providers are not disclosed based on confidentiality, security, and privacy reasons.

For each of the critical service providers, as provided by Management, **two key categories** of documents were obtained:

- **Security Information Reports:** These reports provided evidence of the security measures and protocols employed by the service providers.
- **Service Contract Agreements:** These agreements detailed the terms, conditions, and scope of services agreed upon between the Company and the service providers.

This documentation was reviewed to ensure the security and contractual compliance of the third-party service providers engaged by the Company.

Of the respective critical service providers that pertain to the contents of the Engagement, as identified by Management, Moore assessed the two categories of documentation for **eight relevant providers**.

The assessment of the documents received is performed in Procedure 5.

Phase 2: Asset Balances

Procedure 4

Inspect the external reports obtained in Step 2 to populate the list of Assets under Management in the Gray Fund as of 31 March 2024, including:

- a. Identify the Asset Category Type
- b. Observe, populate, and document the Asset Balances
- c. Inspect the disclosed custody partner/arrangement and document the results
- d. Document the record of the list of Investors and their disclosed Asset Balances

Findings

Moore performed an inspection of the total assets under management (AUM) of the Gray Fund as of March 31, 2024, using the external financial information provided. The inspection included the following procedures:

- **Bank Statements Review:**
 - Reviewed and inspected various bank statements, focusing on the opening and closing balances, deposits, withdrawals, interest income earned, and other significant transactions during the period ending March 31, 2024. (Quarter 1)
 - Identified asset allocations and consolidated the United States Dollar totals per account held at each respective third party.
 - Recalculated the movements for the period according to the transactional data disclosed in the statements and compared these calculations to the statements provided.
 - Inspected custody policy information to ascertain the custody arrangements employed by the respective providers.
 - Verified account information details to confirm that Gray Digital has ownership and control over the asset accounts.
- **Brokerage Statements Review:**
 - Inspected and analysed all brokerage statements provided for the period ending March 31, 2024. (Quarter 1)
 - Examined the fund's investment portfolio at each respective brokerage, including various assets.
 - Reviewed the asset category allocation as disclosed in the statements and recalculated each asset category closing balance using the external activity data to compare against each statement's consolidated summary of the portfolio's asset allocation.
 - Inspected custody policy information to ascertain the custody arrangements employed by the respective providers.
 - Verified account information details to confirm that Gray Digital has ownership and control over the asset accounts.
- **Multi-faceted Approach for Asset Balances and Types:**
 - Inspected the disclosed data in each listed statement, including various asset categories, transaction dates, custody arrangements, and reconciliations.
 - Verified that the dates disclosed on the applicable statements accurately corresponded with the dates relevant to the engagement.
 - Confirmed that all assets were held in custody with the disclosed financial institutions and verified custodial arrangements, including all third-party custodians, to ensure the safekeeping of the fund's assets.

The results of these procedures were compiled into a detailed overview of the fund's asset balances and types, as of Quarter 1, ending March 31, 2024, providing an accurate representation of the Gray Fund's financial position.

See Results on next page

Results:

Moore summarised the results of the procedures, using the information obtained in procedure 2, and documented the external financial information for the Gray Fund as of 31 March 2024:

Summary:

Assets:

Total Assets per External Statements	Assets (USD)
Third-Party Custodial Partner 1	\$52,512,266
Third-Party Custodial Partner 2	\$6,665,020
Third-Party Custodial Partner 3	\$5,343,995
Total Assets under Management	\$64,521,281

Assets Breakdown: Per External Statements

Third-Party	Document	Asset Type	Asset Balance
Custodial Partner 1	Brokerage Confirmation Letter	Net liquidation Value (USD)	\$52,512,266
		Total	\$52,512,266
Custodial Partner 1	Quarterly Brokerage Statement	Cash	\$56,924,044
		Options	\$(4,738,431)
		Interest Accruals	\$326,653
		Total	\$52,512,266
Custodial Partner 2	Brokerage Statement: 1 March 2024 – 31 March 2024	Cash & Fixed Income	\$820,303
		Interest Accruals	\$3,443
		Total	\$823,745
	Bank Statements	Cash (Checking Account)	\$5,841,275
		Total	\$5,841,275
Custodial Partner 3	Bank Statement: 1 January 2024 – 31 March 2024	Cash	\$8,307
	Brokerage Statement: 1 March 2024 – 31 March 2024	Cash, BDP, MMFs	\$6,184,713
		Stocks	(\$275,516)
		Net Unsettled Purchase/ Sales	(\$573,509)
		Total	\$5,343,995

Procedure 5

Inspect the Service Agreements and Security Reports with third-party service providers:

- Inspect and document the services provided to Gray Fund.
- Inspect the document for confirmation of signature and validity of the agreements on 31 March 2024
- Inspect the security reports and document any findings.

Findings

Our procedures for inspecting Gray Digital's third-party service agreements and security reports as of March 31, 2024, were executed through a structured and detailed process, encompassing a thorough review of the service agreements and accompanying security reports from the service providers.

- **Service Agreements Review:**

- Inspected and reviewed the service agreements with all applicable service providers as disclosed by the Company's Management.
- Documented the specific services provided by each third party in our working papers to ensure alignment with the understanding and representation provided by the management of Gray Fund.
- Inspected the agreements for signatures and validity, confirming they were duly signed by authorized representatives of both Gray Fund and the respective service providers.
- Reviewed the terms and conditions, including start and end dates, to ensure the agreements reflected current and ongoing service provisions. Any amendments or renewals to the original agreements were inspected and noted if applicable.

- **Security Reports and Documentation Review:**

- Inspected the security reports provided by third-party service providers and documented any deficiencies.
- Reviewed the risk management strategies and procedures outlined in the reports to ensure they align with Gray Fund's risk disclosures.

These procedures aimed to ensure that Gray Fund's interactions with third-party service providers were secure, effective, and compliant with necessary standards and practices. This provided a comprehensive overview of their service and security status as of March 31, 2024.

Moore assessed the two key categories of documents for **eight applicable** third-party service providers, as identified by Management.

Service Organisation Controls (SOC) reports:

For Service Organisation Controls (SOC) reports, Moore obtained two SOC 1 Reports; however, both were outdated as of 31 March 2024. SOC 2 and 3 reports were provided for all but two service providers, with one service provider still in the process of completing a SOC audit.

The procedures revealed that all SOC reports were outdated as of 31 March 2024.

Management has contacted and requested each Service Provider to obtain the most recent SOC reports as of the date of signature of this report. However, no responses were obtained as of the date of this report.

Service Contract Agreements:

Of the respective critical service providers pertinent to the contents of the Engagement, as identified by Management, there were **six applicable** agreements with service providers subject to this procedure.

Findings:

- We determined that two agreements were updated for the new applicable structure and company name and provided.
- Change requests were requested, by Management, from an additional two service providers; however, the updated agreements have not yet been received as of the report date.
- One service provider's agreement remains applicable under the existing terms.
- Additionally, one service provider updated all relevant information but did not provide a new agreement.

Procedure 6

Inspect the Information Security Policy, License / Regulatory Information, and General Platform Disclosures, Agreements & Policies as identified in step 3:

- a) **Document the compliance with regulatory requirements in line with the relevant legislation as provided by Management.**

Findings

Moore inspected the regulatory requirements and the policy provided by Management, noting the following:

- **Regulation A+ Compliance:**
 - The Gray Fund adheres to the Regulation A+ framework in its fundraising activities, having raised under \$75 million within a 12-month span. This aligns with the Tier 2 limits of Regulation A+, which allows companies to raise up to \$75 million in a 12-month period.
 - Despite qualifying for Reg A+ status, which typically exempts entities from stringent reporting standards, the Gray Fund proactively submitted Form ADV to the SEC on January 6, 2024. This submission indicates a transition towards formal regulatory oversight. Upon receiving official approval, the Gray Fund will be subject to regular reporting obligations, a requirement generally waived for companies operating under the Regulation A+ guidelines.
- **Management's Intentions:**
 - The Company intends to stay ahead of regulatory mandates. The Fund is proactively registering as an exempt registered advisor with the SEC and other jurisdiction equivalents.
 - Regulation A+ allows companies to raise funds through public offerings with two tiers: Tier 1 (up to \$20 million) and Tier 2 (up to \$75 million) in a 12-month period. The Gray Fund's fundraising activities align with Tier 2 limits.
 - Regulation A+ typically exempts entities from stringent reporting standards, particularly under Tier 1. However, Tier 2 requires more robust ongoing reporting, including audited financial statements and regular SEC filings.
 - The submission of Form ADV, associated with investment advisers registering with the SEC, indicates Gray Digital's proactive compliance, likely moving towards a more formal regulatory oversight which aligns with Tier 2 requirements.

These findings indicate that Gray Fund is taking proactive steps towards formal regulatory oversight, aligning with Tier 2 requirements under Regulation A+, and demonstrating a commitment to staying ahead of regulatory mandates.

¹[*oai_citation:1,SEC.gov | Regulation A*](<https://www.sec.gov/education/smallbusiness/exemptofferings/rega>) [*oai_citation:2,SEC Regulation A+ Offering Requirements*](<https://blog.colonialstock.com/regulation-a-requirements/>)

Procedure 7

Inspect the third-party confirmations from the external service providers, as obtained in step 2:

- a) **Inspect and document the account holder information disclosed to assess that the Company holds ownership of the assets.**

Findings

As part of the procedures, Moore performed a detailed inspection of the third-party statements from external service providers, as initially obtained in step 2, to attest to the ownership and accuracy of asset information held by the company, as provided by Management.

- **Account Holder Information Inspection:**
 - Scrutinized and documented the account holder information disclosed on the third-party statements provided by Management.
 - Examined the details disclosed by the external service providers to ensure they accurately reflected the company's ownership.
 - Verified that the assets under consideration were indeed held under the company's name, validating their ownership claims.
- **Cross-referencing Information:**
 - Closely inspected and cross-referenced the information provided from externally compiled sources and internally compiled information.
 - Compared the types of assets held, their quantities, and values as stated in the confirmations against the company's records.

- Found no discrepancies or inconsistencies in the information presented.
- **Assessment of Confirmations:**
 - Analysed the confirmations in detail as per the procedures above.
 - Noted no discrepancies during the inspection.

These procedures ensured that the assets under consideration were accurately documented and validated as owned by the company, with no inconsistencies found in the records.

Procedure 8

Recalculate the total Asset Balance, as per step 5, and reconcile the results to the Asset Balances disclosed in the Public Facing AUM/NAV Report and document any findings.

Findings

As of March 31, 2024, the total balance of assets in the Gray Fund was derived from external reports, in accordance with step 4 of our procedures. This figure was then cross-referenced with the asset balance presented in the financial statements provided by Management. During this reconciliation process, there were no exceptions noted.

	USD
Assets	
External Financial Reports (Step 4)	\$64,521,281
Custodial Partner 1	\$52,512,266
Custodial Partner 2	\$6,665,020
Custodial Partner 3	\$5,343,995
Total Asset Balance per Financial Statements	\$64,521,281
Shareholders Equity & Liabilities	(\$64,521,281)
Asset Balance Public Facing AUM/ NAV Report	(\$52,282,112)
Credit Facility (Custody Partner 2)	(\$789,000)
Shareholder's Equity	(\$11,450,169)

Yours sincerely,

Moore Blockchain & Digital Assets JHB (Pty) Ltd

MOORE BLOCKCHAIN AND DIGITAL ASSETS JHB (PTY) LTD

Gauteng, South Africa

Date: 24 June 2024